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Before the  
Federal Communications Commission  
Washington, D.C. 20554

APR 3 1997

Federal Communications Commission  
Office of Secretary

In the Matter of )  
 )  
Changes to the Board of )  
Directors of the National Exchange ) CC Docket No. 97-21  
Carrier Association, Inc. )

**REPLY COMMENTS OF SOUTHWESTERN BELL TELEPHONE COMPANY**

Southwestern Bell Telephone Company ("SWBT") hereby submits its Reply Comments in response to Comments filed on March 3, 1997 pursuant to the Commission's Notice of Inquiry ("NOI")<sup>1</sup> in the above-captioned proceeding.

WorldCom urges the Commission to adopt "dramatic rule changes" which would codify additional regulation of NECA's structure and operation recommended by WorldCom.<sup>2</sup> SWBT does not agree that it is necessary to expand the existing regulation of NECA's structure and operations. Rather, consistent with the deregulatory objectives of the Telecommunications Act of 1996, the Commission should minimize this type of regulation of NECA.

MCI expresses a concern that NECA would undercharge the USAC for support services provided on a contractual basis and that it would overcharge its own constituents.<sup>3</sup> NECA's proposal fully addresses this concern because NECA has committed to follow Commission-prescribed cost recovery procedures, pursuant to NECA's cost allocation manual, which is

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<sup>1</sup> FCC 97-11, adopted and released January 10, 1997.

<sup>2</sup> WorldCom at 5-8.

<sup>3</sup> MCI at 6-7.

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subject to Commission review and approval.<sup>4</sup> Compliance with these accounting safeguards would be more than adequate to protect against any cross-subsidy of the USAC's operations.

SWBT agrees with BellSouth and NECA that it is premature to open the tariff/pooling responsibilities to competitive bidding by entities other than NECA.<sup>5</sup> In its Comments, SWBT stated that both the universal service functions and the tariff/pooling functions should be opened to competitive bidding. After reviewing comments by other parties on this issue, SWBT realized that its suggestion to allow competitive bidding for the tariff/pooling functions could have been construed as a recommendation to require competitive bidding for this position in the near future. However, given NECA's vast experience in performing these tariff/pooling functions, competitive bidding should not be considered in the short term. Instead, competitive bidding for the tariff/pooling responsibilities should be considered as an alternative in the long-term reform

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<sup>4</sup> NECA NPRM Comments, CC Docket No. 97-21, filed January 27, 1997, at 2, 6, 9-10 & n. 17.

<sup>5</sup> BellSouth at 3; NECA at 7-8.

of Part 69 rules. The Commission should postpone any consideration of competitive bidding for the tariff/pooling responsibilities and, instead, focus its attention on the selection of the interim and permanent administrators of the universal service funding mechanisms.

Respectfully submitted,

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April 3, 1997

**Certificate of Service**

I, Elaine Temper, hereby certify that Southwestern Bell Telephone Company's Reply to CC Docket No. 97-21 has been served this 3rd day of April, 1997 to the Parties of Record.

A handwritten signature in cursive script, reading "Elaine Temper", is written over a horizontal line.

Elaine Temper

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